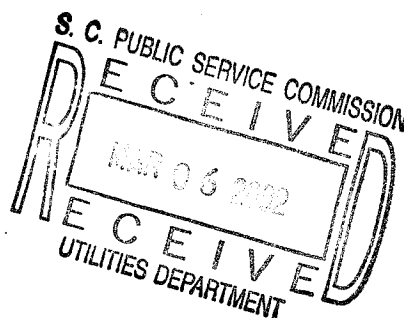


**POSTED** 3/6/12 **ORIGINAL**

***Application of  
Kiawah Island Utility, Inc.  
for approval of a new schedule of rates and  
charges for water and sewer service in its  
certificated service area in South Carolina***



***Docket No. 2001-164-W/S***

***Testimony of  
William O. Richardson  
Utilities Department***

***Public Service Commission of South Carolina***

RETURN DATE: 02/01/12  
SERVICE: OK

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

2 **A.** William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina  
3 29210. I am employed by the Public Service Commission of South Carolina,  
4 Utilities Department, as an Engineer Associate.

5 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
6 **EXPERIENCE.**

7 **A.** I received a Bachelor of Science Degree in Electrical and Computer Engineering  
8 from Clemson University in 1975. After graduation I was employed by Daniel  
9 Construction Company as an Electrical Engineer in the Power Division. In  
10 1978 I was employed by this Commission as an Engineer Associate II. I have  
11 attended various courses and seminars related to engineering, life analysis and  
12 accounting relationships. I am a member of the Water Environment  
13 Association of South Carolina and a member of the AWWA. I have testified  
14 before this Commission in other proceedings involving fuel adjustment clauses,  
15 purchased gas adjustments, and rate case proceedings of electric, water and  
16 wastewater utilities.

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
18 **PROCEEDING?**

19 **A.** The purpose of my testimony is to set forth, in summary form, the Staff's  
20 findings relative to the determination of the amount of additional operating  
21 revenues that would result from the implementation of the proposed  
22 schedules of rates and charges.

23 **Q. I SHOW YOU THE REPORT, TITLED, "COMMISSION STAFF REPORT,**  
24 **KIAWAH ISLAND UTILITY, INC., SOUTH CAROLINA PUBLIC SERVICE**  
25 **COMMISSION, DOCKET NO. 2001-164-W/S." ARE THE FINDINGS**  
26 **OF YOUR REVIEW CONTAINED IN THIS REPORT?**

27 **A.** Yes, they are contained under the Utilities Department tab.

28 **Q. PLEASE EXPLAIN HOW YOU COMPILED THE INFORMATION IN YOUR**  
29 **REPORT.**

1 **A.** By using the information provided by the Company in its Application and the  
2 Company's responses to Staff's Data Requests and an audit of the Company's  
3 books and records, Staff was able to determine the amount of additional  
4 operating revenues which would be produced by the proposed rates.

5 **Q. PLEASE EXPLAIN EXHIBIT NO. 1 OF YOUR REPORT.**

6 **A.** Exhibit No. 1, page 1, is a summary of the changes to the proposed rates.  
7 Pages 2-8 are the currently approved rates, and pages 9-18 are the proposed  
8 rates.

9 **Q. PLEASE EXPLAIN EXHIBIT NO. 2 OF YOUR REPORT.**

10 **A.** Exhibit No. 2, on pages 19-20 of the report summarizes the effect of the  
11 present and proposed rates on the Company's operating revenue. Under the  
12 present rates approved for Kiawah Island Utility, Inc., the Company's present  
13 revenue (annualized) is \$3,919,244. Using the proposed rates, the Company  
14 would receive \$5,058,424, resulting in an increase of \$1,139,180 or an  
15 increase of 29.1%.

16 **Q. PLEASE EXPLAIN EXHIBIT NO. 3.**

17 **A.** Exhibit No. 3, on page 21, summarizes the effect of the proposed rates and  
18 charges on a customer's average water and sewer bill.

19 **Q. PLEASE EXPLAIN EXHIBIT NO. 4.**

20 **A.** Exhibit No. 4, on page 22, summarizes the effect of the proposed rates and  
21 charges on the five golf courses monthly irrigation bill. The impact is based  
22 on the average flow (usage) for the test year.

23 **Q. PLEASE EXPLAIN EXHIBIT NO. 5.**

24 **A.** Exhibit No. 5 is the Business Office Compliance Review Report of the Utility.

25 **Q. PLEASE EXPLAIN EXHIBIT NO. 6.**

26 **A.** Exhibit No. 6 is a review of service provided by the Company and Staff's  
27 inspections of the facilities operated by the Company.

28 **Q. DO YOU AGREE WITH THE COMPANY'S DEPRECIATION RATES AS**  
29 **FILED IN THE APPLICATION?**

1 **A.** No. The Company is proposing a change in depreciation methods that has  
2 not been approved by this Commission. The Company is proposing to use a  
3 group life method of depreciation rather than the rates that have been  
4 approved by this Commission for asset categories. For instance, the  
5 Company is proposing to place office equipment with a 45 year life into the 5  
6 year depreciation category. Such equipment has been on the Company's  
7 books since 1982, and has a Commission approved depreciation rate of  
8 2.2%. The Company's proposal would change that rate to 20%. The Staff  
9 does not agree with changing any Commission approved depreciation rates in  
10 this proceeding. The Staff believes that depreciation rates should not be  
11 changed without a depreciation study documenting the need for such  
12 changes.

13 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

14 **A.** Yes it does.  
15